



STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE)	PDC CASE NO: #04-445
WITH RCW 42.17)	
)	REPORT OF INVESTIGATION
TME Capital Group, LLC)	
Elling Halvorson)	
Catherine Boshaw)	
Doug Edlund)	
John Taylor)	
Lon Halvorson)	
E. Kent Halvorson)	
Tim Teteak)	
David Chevalier)	
)	
Environmental Materials)	
Transport, LLC and)	
Hank Hopkins)	
)	
_____ Respondents.)	

I.

BACKGROUND AND SUMMARY OF ISSUES

General Background and Formation of TME

- 1.1 In 1997, Mr. Hopkins, a Lynnwood businessman, first proposed building a conveyor system to transport the required fill to the site of the proposed third runway at Seattle Tacoma International Airport.
- 1.2 Mr. Hopkins approached Elling Halvorson and asked him if he would provide funding for the project. Mr. Halvorson declined to finance the entire project, but indicated that he and a group of investors would be interested in financing the project.
- 1.3 At Mr. Halvorson's request, Mr. Hopkins formed Environmental Materials Transport, LLC (EMT) to obtain the necessary permits and build the

conveyor system. At the same time, Mr. Halvorson and seven other investors formed TME Capital Group, LLC (TME) for the purpose of investing in and financing EMT's conveyor system project.

- 1.4 After the formation of EMT and TME in 1997, TME invested significant funds in EMT for the purpose of securing the necessary permits to successfully build the conveyor system.
- 1.5 In 2001, after several unsuccessful attempts to obtain the necessary permits from the Des Moines City Council, Mr. Hopkins approached the TME investors and asked them if they would be willing to contribute money to assist the campaigns of candidates for City Council who might be more open-minded to his group's conveyor system project.

Commission Action Taken on March 25, 2003

Stipulation to Concealment Violation and Penalty by TME and EMT for 1999 Election Activity – March 25, 2003

- 1.6 In 1999, Henry "Hank" Hopkins of Environmental Materials Transport (EMT) met with two candidates running for Des Moines City Council and determined that they might be open-minded about his company's proposed conveyor system project designed to assist in moving fill for building the proposed third runway at Seattle Tacoma International Airport.
- 1.7 After Mr. Hopkins advised the investors in his project from TME Capital Group, LLC (TME) of his impression of the candidates, two of the TME investors contacted friends and business associates and asked them to make contributions to the two City Council candidates with the understanding that they would be reimbursed for their contributions. There was concern by TME investors that contributions coming from TME or EMT might "taint" the candidates if it were known that the funds came from any of the TME investors. The contributors were reimbursed for their contributions. The candidates supported by TME and EMT lost in the 1999 election.
- 1.8 The PDC was made aware of the alleged 1999 activities in February 2003. On March 25, 2003, TME and EMT stipulated to multiple violations of RCW 42.17.120 for concealing the true source of contributions given to two candidates running for Des Moines City Council in 1999.
- 1.9 On March 25, 2003, The Commission accepted the stipulation between PDC staff and the Respondents. The Respondents agreed to pay a penalty of \$40,000 and reimburse the PDC \$3,000 to cover a portion of its costs incurred in the investigation (PDC Case No. 03-158). **(Exhibit 1)**

Referral of Hank Hopkins and EMT to Attorney General's Office for 2001 Election Activity – March 25, 2003

- 1.10 In 2001, TME and its investors, and Mr. Hopkins and EMT, again became interested in finding city council candidates who might be instrumental in furthering their goal of building the conveyor system. EMT, and the TME investors, decided to support candidates running for Des Moines City Council by paying for a consultant, Tom Hujar, to assist candidates thought to have a chance of winning and thought to be open-minded to their conveyor system project.
- 1.11 In April 2002, following the election of three candidates supported by the TME investors and Mr. Hopkins and EMT, a complaint was received concerning an apparent lack of reporting of election activity benefiting the three candidates that occurred just before the 2001 Des Moines City Council election. On March 25, 2003, the Commission reported multiple apparent violations of RCW 42.17.120 by Mr. Hopkins and EMT to the Attorney General's Office for appropriate action (for concealing the source of contributions of \$21,000 used to benefit candidates in the 2001 Des Moines City Council elections) (Case No. 03-153). Neither TME nor its investors were included in the referral to the Attorney General's Office (**Exhibit 2**).

Stipulation to Multiple Violations and Penalty by Don Wasson for 2001 Election Activity – March 25, 2003

- 1.12 Also on March 25, 2003, the Commission accepted a stipulation of facts, violations and penalty between PDC staff and Don Wasson, a Des Moines City Council member, who admitted committing multiple violations of RCW 42.17 with regard to the 2001 Des Moines City Council election.
- 1.13 Mr. Wasson stipulated to: 1) failing to register as a political committee; 2) failing to report \$50,000 in contributions received and expenditures made by his political committee; 3) accepting contributions through his political committee of \$20,000 and making expenditures through his political committee of \$14,800 that amounted to an in-kind contribution to a single candidate within 21 days of the 2001 general election, in excess of the \$5,000 limit for this 21 day period; and 4) concealing the source and amount of contributions and an independent expenditure totaling \$49,000 that supported the campaigns of three candidates in the 2001 Des Moines City Council election (**Exhibit 3**).
- 1.14 Mr. Wasson, the TME investors, and Mr. Hopkins and EMT supported the same three candidates, and the \$49,000 in campaign support that was

concealed by Mr. Wasson was provided to him by the TME investors through EMT and Mr. Hopkins.

- 1.15 For a more detailed account of the 1999 and 2001 activities described above, please see the Executive Summary and Staff Recommendations Memo to Commission Members dated March 20, 2003 (**Exhibit 4**).

New PDC Staff Complaint Alleging Violations by TME and its Investors for 2001 Election Activity – Filed After March 25, 2003 Referral

- 1.16 During the course of assisting the Attorney General's Office after the referral of Hank Hopkins and EMT (Case No. 03-153), PDC staff learned that TME and its investors may have violated RCW 42.17 with regard to its role in supporting candidates for Des Moines City Council in the 2001 elections. As a result, staff filed a complaint against TME and its investors (Case No. 04-445). The complaint, which is the subject of this report, included the following allegations:
 - Alleged failure of TME and its investors to register and report as a political committee when the investors pooled their funds with an expectation of spending the funds to support candidates in the 2001 Des Moines City Council elections (RCW 42.17.040 through 42.17.090);
 - Alleged concealment by TME and its investors of the true source of funds used and not disclosed to benefit candidates in the 2001 Des Moines City Council elections (RCW 42.17.120);
 - Alleged contributions by TME and its investors to another political committee (Don Wasson's unregistered political committee) exceeding \$5,000 with 21 days of the 2001 general election (RCW 42.17.105(8)); and
 - Alleged reimbursement by TME and its investors of \$19,000 to Monarch Enterprises for contributions made to a political committee that supported candidates in the 2001 general election (RCW 42.17.780) (**Exhibit 5**).
- 1.17 In addition, staff investigated whether Hank Hopkins and EMT also failed to register and report as a political committee when they had the expectation of receiving contributions and making expenditures to support candidates in the 2001 Des Moines City Council elections (RCW 42.17.040 through 42.17.090).
- 1.18 When Case No. 03-153 was referred to the Attorney General's Office on March 25, 2003, staff was not aware that Hank Hopkins and EMT or TME and its investors had made special solicitations to raise the money that

was used to support candidates in the 2001 Des Moines City Council elections. In addition, at the time of the referral, staff was not aware that TME and its investors may have concealed the source of contributions to benefit candidates in the 2001 Des Moines City Council elections.

II. FINDINGS

Allegation #1 – Alleged Failure of TME and its Investors to Register and Report as a Political Committee (RCW 42.17.040 through 42.17.090) and

Allegation #2: Alleged Failure of EMT and Hank Hopkins to Register and Report as a Political Committee

- 2.1 On or around September 1, 2001, Hank Hopkins told the TME investors that there were new candidates running for Des Moines City Council who might be more open-minded to his conveyor system project. The candidates were identified by Don Wasson and Hank Hopkins. Mr. Hopkins solicited contributions for candidate support from the TME investors.
- 2.2 The investors eventually agreed to provide financial support for the candidates. However, before making a financial commitment, the TME investors provided \$29,000 for Tom Hujar to conduct a market survey to determine whether to go forward with the conveyor project. At the same time, and at Mr. Hujar's suggestion, four "horse race" questions were added to the survey to determine the level of voter support for the identified candidates.
- 2.3 The results of the survey indicated that 60 percent of the voters were undecided. Mr. Hujar made an oral presentation and provided a written analysis of the survey to the investors explaining the results of survey. He made the presentation to the TME investors on two occasions in the Bellevue office of one of the investors, Elling Halvorson. Mr. Hujar told Mr. Hopkins and the TME investors that with the high percentage of undecided voters, all the races were "up in the air" and "up for grabs." He told them that given the right amount of money and the right profiling, he could win every one of the races. The investors agreed to provide an additional \$20,000 to be used to support the candidates.

EMT and Hank Hopkins Solicit Campaign Contributions, and TME Investors Pool Funds to Support Candidates

- 2.4 RCW 42.17.040 states that every political committee, within two weeks after its organization or, within two weeks after the date when it first has

the expectation of receiving contributions or making expenditures in any election campaign, must file a statement of organization with the PDC and the County Auditor.

- 2.5 On September 10, 2001, seven of the eight TME investors, and Mr. Hopkins, met and discussed supporting candidates in the Des Moines City Council elections. Mr. Hopkins solicited support for the candidates. The TME investors agreed to pool their funds, totaling \$11,000, to support four candidates running for Des Moines City Council in the 2001 general election. The eight TME investors who pooled their funds were Elling Halvorson, Catherine Boshaw, Doug Edlund, John Taylor, Lon Halvorson, E. Kent Halvorson, Tim Teteak, and David Chevalier. The four candidates initially considered for support were Richard Benjamin, Gary Petersen, Maggie Steenrod and Mike Foote, Jr. The meeting at which the TME investors agreed to pool their funds for candidate support is documented by written minutes (**Exhibit 6**).
- 2.6 A portion of the minutes stated:

“After discussion about supporting political candidates in Des Moines, it was decided to first wait until after the primary which is Tuesday, September 18th, and then send \$1,000 to each of four candidates, contribute 50% to a mailing for two selected candidates with the largest chance of success for a total of \$3,500, and to budget \$3,500 for an EMT mailing, for a total of \$11,000.”
- 2.7 A contribution was made to Mr. Hopkins and EMT on September 24, 2001 to be used to benefit candidates. The funds for the contribution were received from a capital call that was met on September 26, 2001 (**Exhibits 7 & 8**). Exhibit 7 is a chart showing payments by TME to EMT and payments by EMT to Tom Hujar for campaign work. Exhibit 8 is a copy of a portion of the TME check register showing funds received by TME and payments made to EMT between September and December 2001.
- 2.8 On September 13, 2001, EMT and Mr. Hopkins solicited and received a \$1,000 monetary contribution from TME and its investors. The money was used by EMT and Mr. Hopkins to make a contribution to Don Wasson's political committee on September 17, 2001. Mr. Wasson used the money to hire Mr. Hujar to provide campaign consulting advice that benefited the candidates supported by TME and its investors (**Exhibit 7**).

- 2.9 Between September 10 and December 10, 2001, EMT and Hank Hopkins solicited, and TME investors pooled \$60,000 for the purpose of supporting candidates in the 2001 Des Moines City Council elections. These contributions were then passed on to Mr. Hopkins and EMT to be used for candidate support. \$50,000 of this amount was eventually used for candidate support (**Exhibit 9**).
- 2.10 On October 10, 2001, John Taylor, one of the TME investors, sent an e-mail to the other investors telling them that Mr. Hopkins and two of the investors had just held a meeting with Mr. Hujar concerning the results of the market research survey and the four candidate questions. The e-mail states that the results of the survey are attached. The e-mail states that a campaign plan has been mapped out that will take a capital call totaling \$30,000. Each investor is then asked to contribute a specific amount in accordance with their investment in TME (**Exhibit 10**).
- 2.11 The money pooled by the TME investors and passed on to Mr. Hopkins and EMT at the request of Mr. Hopkins, for support of 2001 Des Moines City Council candidates, is summarized below:

<u>Date TME Paid EMT</u>	<u>Amount</u>
9/13/01	\$ 1,000
9/24/01	\$11,000
10/22/01	\$11,000
11/18/01	\$ 9,500 ¹
11/18/01	\$ 9,500
12/1/01	\$18,000
Total	\$60,000

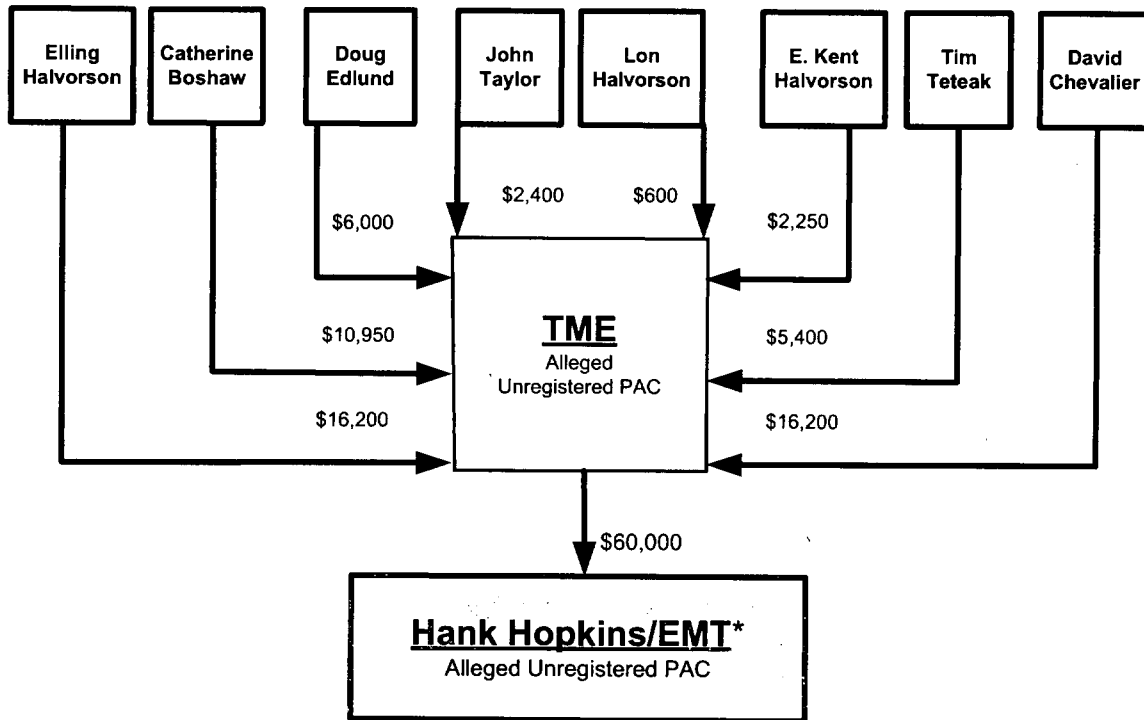
¹ The two payments of \$9,500 totaling \$19,000 made on November 18, 2001 were to reimburse Monarch Enterprises for payments it made to EMT on October 12, 2001 for campaign use.

- 2.12 The money contributed by each TME investor that was pooled and passed on to Mr. Hopkins and EMT is summarized below:

<u>Name</u>	<u>Percent of Contribution</u>	<u>Amount</u>
Elling Halvorson	27.00%	\$16,200
David Chevalier	27.00%	\$16,200
Catherine Boshaw	18.25%	\$10,950
Doug Edlund	10.00%	\$ 6,000
Tim Teteak	9.00%	\$ 5,400
John Taylor	4.00%	\$ 2,400
E. Kent Halvorson	3.75%	\$ 2,250
Lon Halvorson	<u>1.00%</u>	<u>\$ 600</u>
Total	100.00%	\$60,000

- 2.13 The \$60,000 solicited by EMT and Mr. Hopkins, and provided to EMT by the TME investors for the benefit of candidate support in the 2001 Des Moines City Council election, was not reported by TME and its investors or by EMT and Mr. Hopkins. In addition, EMT and Mr. Hopkins did not report its \$50,000 in expenditures used for candidate support. Except for \$1,000, reported by two candidates, none of the candidate support was reported by the benefiting candidates.
- 2.14 Mr. Hujar has consulted on many occasions with candidates and political committees having PDC reporting requirements. However, he acknowledged that he is not an expert on PDC reporting requirements. Mr. Hujar alleged that he told Mr. Hopkins he did not have to report anything so long as he contributed less than \$5,000 per candidate within 20 days of the election.

2.15 The money solicited by EMT and Mr. Hopkins, and provided by the TME investors, is diagramed below:



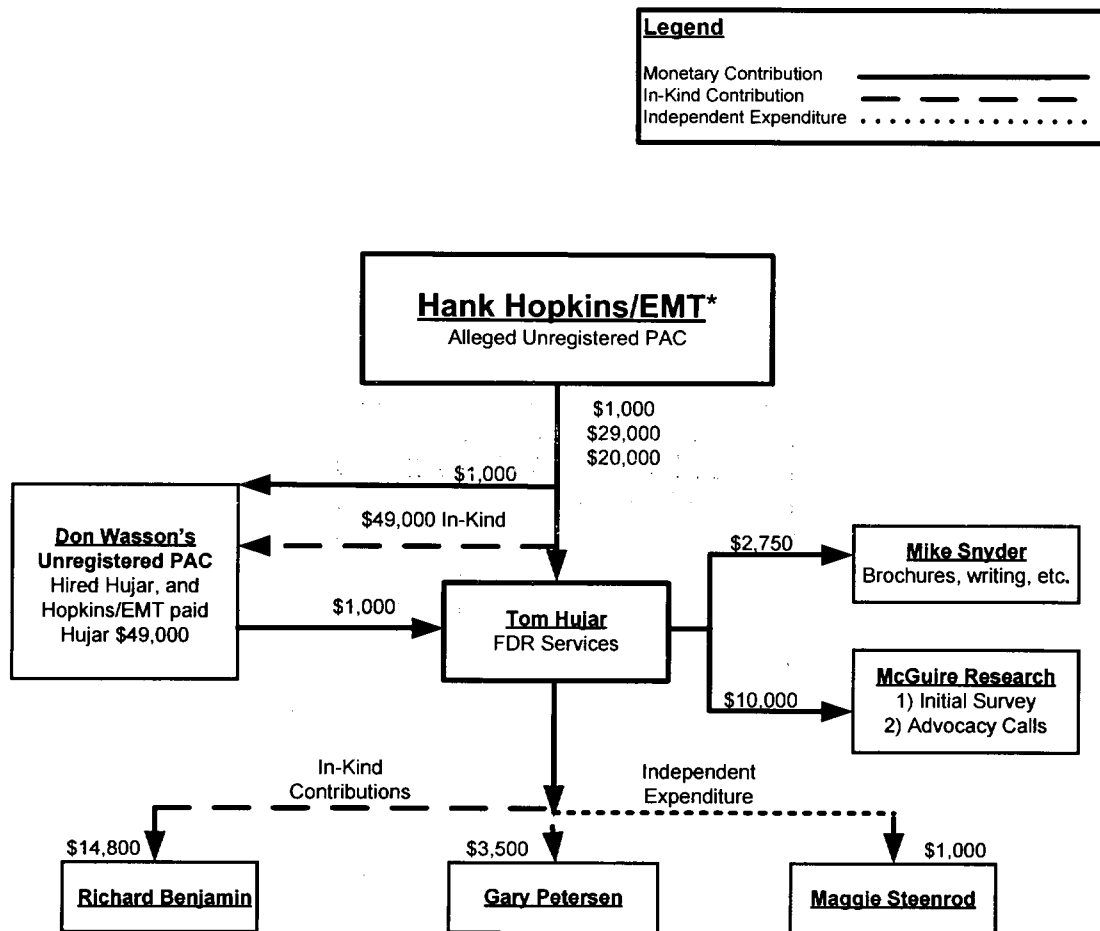
Use of Funds Raised by TME and its Investors

2.16 Of the \$60,000 solicited by EMT and Mr. Hopkins, and provided by TME and its investors, \$50,000 was used to support candidates Richard Benjamin, Gary Petersen, and Maggie Steenrod. All three candidates for Des Moines City Council were elected in 2001.

2.17 Mr. Hopkins deposited the funds into the EMT bank account and gave \$1,000 to Don Wasson for early support of candidates, and \$49,000 to pay a political consultant, Tom Hujar, to:

- Conduct a survey to determine if Des Moines voters were amenable to the conveyor project and to test the support of specific identified candidates (\$29,000). The results of the survey were used to solicit an additional \$20,000 in contributions from the TME investors;
- Make advocacy calls for selected candidates on behalf of Don Wasson's political committee; and
- Hire a subcontractor, Mike Snyder, to assist the identified candidates by developing and writing campaign materials on behalf of Don Wasson's political committee (\$20,000 for both).

- 2.18 Mr. Hujar stated that of the final \$20,000 he received from Mr. Hopkins and EMT, he estimated the benefit to candidates as follows: Richard Benjamin, \$14,800; Gary Petersen, \$3,500; and Maggie Steenrod, \$1,000. The candidate benefit is diagramed below:



Allegation #3: Alleged concealment by TME and its investors of the true source of funds used and not disclosed to benefit candidates in the 2001 Des Moines City Council elections (RCW 42.17.120)

- 2.19 RCW 42.17.120 states that no contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person

- in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.
- 2.20 TME and its investors pooled \$60,000 for the purpose of supporting candidates in the 2001 Des Moines City Council elections. This money was passed on to EMT and Hank Hopkins for candidate support. Of this amount, \$50,000 was spent to benefit Don Wasson's political committee by providing support for three candidates supported by Mr. Wasson, Mr. Hopkins and EMT, and the TME investors.
- 2.21 TME investors were aware of the requirement to disclose campaign activity with the PDC. During the 1999 Des Moines City Council elections, TME concealed reportable contributions it made in support of two Des Moines City Council candidates by asking others to make the contributions and then later reimbursing them.
- 2.22 In 1999, TME concealed because of a concern that contributions coming from TME or EMT might "taint" the candidates and would "bias other people towards them" if it were known that the funds came from any of the TME investors. In 1999, the TME investors also expressed a concern that the candidates, if elected, might "feel beholden to the group." No evidence was found that this perception by TME investors had changed between 1999 and 2001.
- 2.23 In 2001, TME investors were aware that the money they were raising was for the purpose of supporting candidates. TME and its investors did not register as a political committee with the PDC or report their 2001 election activity. They did not disclose the source of the money they raised or how the money was spent. TME and its investors made no contact with the PDC to inquire about any reporting requirements they might have. No evidence was found that they sought expert legal advice on possible reporting requirements. Since none of the survey cost or other campaign work conducted after the survey was reported by any candidate or committee as a contribution, no public disclosure of the election activity occurred.
- 2.24 When the money supplied by the TME investors was distributed by Mr. Hopkins to Mr. Hugar, for the benefit of Mr. Wasson's unregistered political committee, payments totaling \$40,800 were made with cashier's checks marked "anonymous" or "N/A." Mr. Hopkins and EMT issued one corporate check for \$8,200 as noted below:

<u>Date</u>	<u>Amount</u>	<u>Type of Payment</u>	<u>Purchaser</u>
• 10/4/01	\$10,000	Cashier's Check	****
• 10/12/01	\$ 9,500	Cashier's Check	anonymous
• 10/12/01	\$ 9,500	Cashier's Check	anonymous
• 10/25/01	\$ 6,000	Cashier's Check	N/A
• 10/25/01	\$ 4,000	Cashier's Check	N/A
• 11/29/01	\$ 1,800	Cashier's Check	anonymous
• 12/11/01	<u>\$ 8,200</u>	EMT Corporate Check	
Total	\$49,000 (Exhibit 11)		

- 2.25 The cashier's checks were purchased by Mr. Hopkins with EMT funds that had been provided by TME and its investors for the specific purpose of providing support for candidates. According to an attorney responding on behalf of Mr. Hopkins and EMT, EMT was not listed on the cashier's checks as the purchaser because EMT was trying to keep a "low profile."
- 2.26 In a declaration sent to the PDC February 25, 2003, Mr. Hujar stated that he asked Mr. Hopkins for cashier's checks so he could cash the checks immediately, due to the limited time frame upon which he was operating. Mr. Hujar also stated that in one instance, he asked Mr. Hopkins to include the word "anonymous" on the check for business reasons, so the vendor would not know the name of his client.
- 2.27 TME investors stated that they knew their contributions were supporting candidates, but assumed Hank Hopkins and political consultant Tom Hujar were taking care of any reporting obligations. TME meeting minutes and e-mails between investors recorded discussions about "cash calls" for the purpose of raising funds to support candidates, but did not record any discussions about how the contributions would or should be reported or disclosed to the public.
- 2.28 Mr. Hujar said Mr. Hopkins was very concerned about the publicity that giving approximately \$20,000 would give his company, and said Mr. Hopkins wanted to make sure he was doing everything legal. According to Mr. Hujar, Mr. Hopkins did not want to get his investors or his company in the public limelight, and wanted to make sure that whatever they did, they followed the law.
- 2.29 Mr. Hujar also said he told Mr. Wasson and Mr. Hopkins that they had to decide whether the contributions would be reported by an independent campaign committee or directly by each benefiting candidate. No evidence was found that any of the contribution activity was reported, except for \$1,000 by two candidates.

- 2.30 TME's investors discussed specific candidates and "mapped out a support campaign" to get their funds in play in the 2001 election races. The following statements made by TME investors demonstrate their awareness of soliciting and distributing funds for candidates.

TME Investor Elling Halvorson

- "Well he (Tom Hujar) told us that he was going to support the incoming candidates or the candidates and we didn't know exactly how he was going to support them totally. He said he was going to do some printing and some advertising and he was going to conduct some polls and he was also going to support them with some funds.
- "So at the first meeting Mr. Hujar made a presentation, said that, or talked about supporting candidates and said that he'd need money to do that."

TME Investor Catherine Boshaw

- "However, EMT had an interest in the elections and so subsequent to our formation there would be cash calls and I'm sure that our cash calls went to some election contributions."

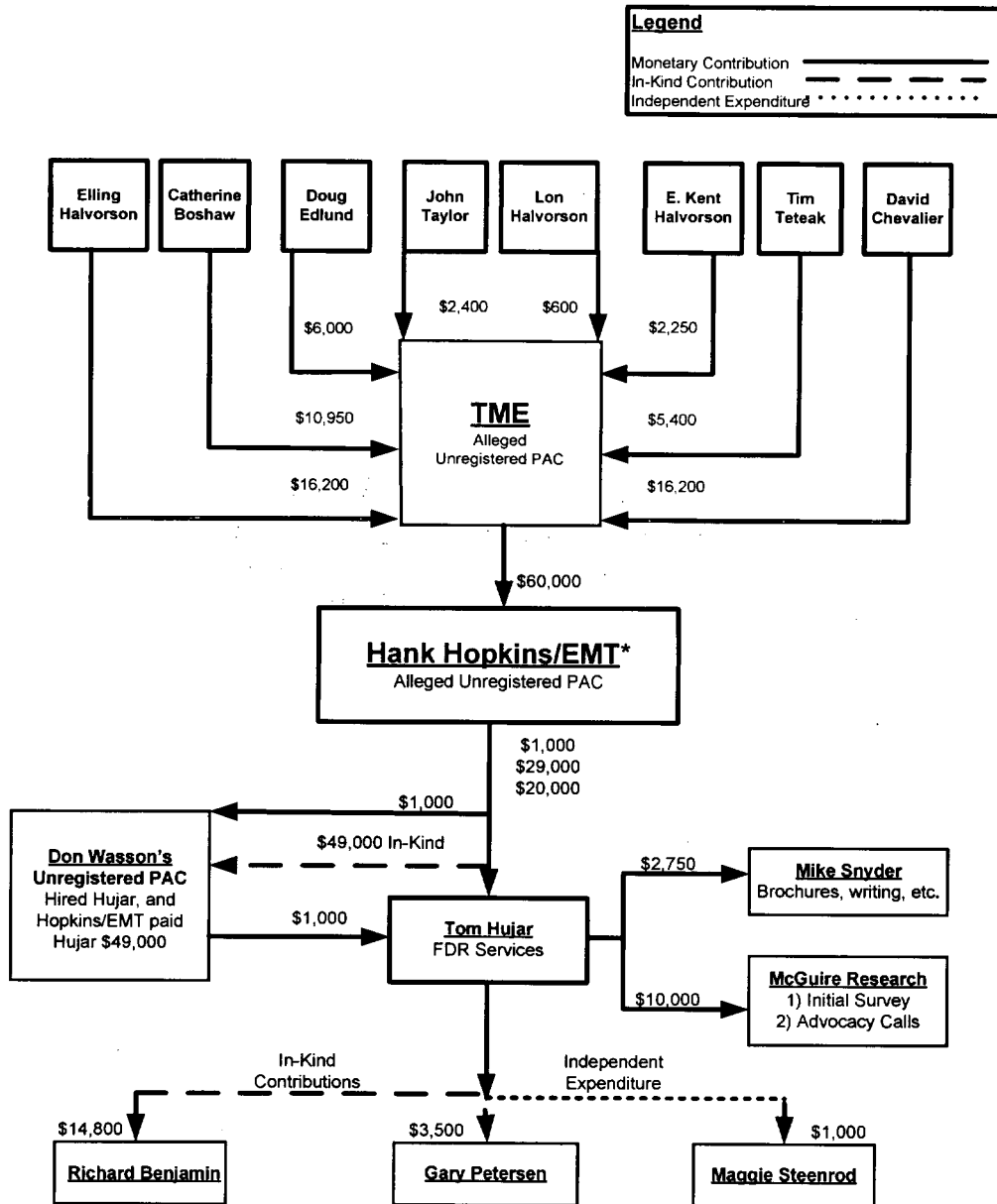
TME Investor John Taylor

- "And Hank approached the group with a consultant that he had met and suggested that some of the invested funds should be used to hire the consultant and perhaps make some contributions to the candidates."
- "What I can tell you is that the money that we invested or provided to EMT, we knew that some of those funds were going to be used by EMT to support some candidates."
- "And there was ultimately a dollar amount determined and I think it was around \$30,000. As I recall. That would be part of the invested funds that would go to EMT, that EMT would use to hire the consultant and support some of the candidates."

TME Investor David Chevalier

- "I think it's Tom Hujar who is the political guy that we hired to help us with the campaign, that they said you know these people are more likely to support the project and that's the people we'd like to support."

2.31 Following is a diagram showing the flow of funds starting with the TME investors and ending with the candidates benefited.



* On March 25, 2003, the Commission reported, in PDC Case No. 03-153, multiple apparent violations of RCW 42.17.120 by Hank Hopkins and Environmental Materials Transport, LLC (EMT) by concealing the source of contributions of \$21,000 that was used to benefit candidates in the 2001 Des Moines City Council election, and referred the matter to the Office of the Attorney General (AGO) for further action.

On March 25, 2003, Don Wasson stipulated to failing to register as a political committee and receiving \$50,000 from Hank Hopkins and EMT; failing to report \$1,000 in cash contributions received and failing to report and concealing \$49,000 in in-kind contributions to benefit candidates in the 2001 Des Moines City Council election.

Allegation #4: Making Contributions to Don Wasson's Political Committee Exceeding \$5,000 Within 21 Days Of The 2001 General Election

- 2.32 RCW 42.17.105(8) states that it is a violation of this chapter for any person to make, or for any candidate or political committee to accept from any one person, contributions reportable under RCW 42.17.090 in the aggregate exceeding fifty thousand dollars for any campaign for statewide office or exceeding five thousand dollars for any other campaign subject to the provisions of this chapter within twenty-one days of a general election. October 16, 2001 was the 21st day before the 2001 general election.
- 2.33 On or around October 22, 2001, TME and its investors provided \$11,000 through EMT and Mr. Hopkins to Don Wasson's unregistered political committee to assist candidates in the 2001 Des Moines City Council races. **(Exhibits 7 & 8)** The expenditures were made within 21 days of the general election in apparent violation of RCW 42.17.105(8). While no evidence was found that individual TME investors contributed more than \$5,000 within 21 days of the 2001 general election, it was found that TME contributed more than \$5,000 to Don Wasson's unregistered political committee, through EMT and Mr. Hopkins, within 21 days of the 2001 general election, when persons may not make, and candidates and political committees may not accept, contributions in excess of \$5,000.

Allegation #5: Reimbursement of \$19,000 to Monarch Enterprises

- 2.34 RCW 42.17.780 states that a person may not, directly or indirectly, reimburse another person for a contribution to a candidate for public office, political committee, or political party.
- 2.35 Due to the urgency for the funds for the election, Monarch Enterprises, owned by Elling Halvorson, paid EMT \$19,000 on October 12, 2001. EMT then paid the \$19,000 to FDR Services in the form of two \$9,500 cashier's checks on October 12, 2001. **(Exhibits 7 & 11)** The payee on the checks to FDR Services was listed as "ANONYMOUS." John Taylor, Elling Halvorson, Cathy Boshaw, Doug Edlund and Lon Halvorson met their portion of the capital call on October 15, 2001 and Doug Chevalier and Tim Teteak met their portions on November 8, 2001. E. Kent Halvorson met his portion on November 16, 2001. Monarch Enterprises was reimbursed by TME on November 8, 2001. **(Exhibit 8)** (See Paragraph 2.10) John Taylor stated:

"The capital call of \$30,000, we did not have enough capital, we didn't have the funds in TME to make a \$30,000 contribution to EMT. I think we had some funds that we could write a check to EMT but the rest we would have to raise through a capital call. Which as I explained earlier takes a fair amount of time. And Monarch, I believe it was Monarch, advanced the funds. One of the members who owns Monarch, advanced the funds to be used to complete the advance from TME to EMT. And then as the funds came in from the other investors to complete that \$30,000 capital call, those funds were used to reimburse the member's company and that is Monarch."

III.
LAW

- 3.1 **RCW 42.17.040 through RCW 42.17.090** require that political committees register with the Public Disclosure Commission and file frequent and detailed reports of contribution and expenditure activities.
- 3.2 **RCW 42.17.105** states in part: It is a violation of this chapter for any person to make, or for any candidate or political committee to accept from any one person, contributions reportable under RCW 42.17.090 in the aggregate exceeding fifty thousand dollars for any campaign for state-wide office or exceeding five thousand dollars for any other campaign subject to the provisions of this chapter within twenty-one days of a general election.
- 3.3 **RCW 42.17.120** states that no contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.
- 3.4 **RCW 42.17.780** states, "A person may not, directly or indirectly, reimburse another person for a contribution to a candidate for public office, political committee, or political party."

IV.
SCOPE

4.1 Staff conducted the following interviews:

- Elling Halvorson was interviewed under oath on March 9, 2004.
- Tim Teteak was interviewed under oath on March 9, 2004.
- David Chevalier was interviewed under oath on March 9, 2004.
- John Taylor was interviewed under oath on March 9, and April 22, 2004.
- Cathy Boshaw was interviewed under oath on March 18, 2004.
- Doug Edlund was interviewed under oath on March 18, 2004.
- E. Kent Halvorson was interviewed under oath on March 18, 2004.
- Lon Halvorson was interviewed under oath on April 2, 2004.
- Maryl Douglas was interviewed under oath on May 6, 2004.

4.2 Staff reviewed Tom Hujar's interviews on June 26, 2002 and August 28, 2002, his declaration dated February 25, 2003, and his deposition taken March 25, 2003. Staff also reviewed financial records provided by Mr. Hujar.

4.3 TME meeting minutes and emails.

Respectfully submitted this 6th day of June 2004.



Sally Parker
Political Finance Specialist

List of Exhibits

- Exhibit 1 Stipulation of Facts, Violations and Penalty for TME Capital Group, LLC, Case #03-158 (1999 Election)
- Exhibit 2 Order of Referral for Henry Hopkins/Environmental materials Transport, LLC, Case #03-153 (2001 Election)

- Exhibit 3 Stipulation of Facts, Violations and Penalty, Case #02-296, Don Wasson (2001 Election)
- Exhibit 4 Executive Summary and Staff Recommendations Dated March 20, 2003 (1999 and 2001 Elections)
- Exhibit 5 Complaint Against TME Capital Group, LLC and its Investors, Dated April 5, 2004 (2001 Election)
- Exhibit 6 EMT Minutes, Dated September 10, 2001
- Exhibit 7 Chronology of Financial Transactions of TME and EMT
- Exhibit 8 Partial TME Check Register
- Exhibit 9 Partial EMT Check Register
- Exhibit 10 E-Mail from John Taylor to TME Investors Dated October 10, 2001
- Exhibit 11 Cashier's Checks and a Corporate Check from EMT

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF ENFORCEMENT)	PDC Case No. 03-158
ACTION AGAINST)	
)	Stipulation of Facts,
TME Capital Group, LLC)	Violations and Penalty
And Environmental Materials Transport, LLC)	
)	
Respondents.)	
)	

The TME Capital Group, LLC and Environmental Materials Transport, LLC, (Respondents) and the Public Disclosure Commission Staff (Staff) jointly submit this Stipulation of Facts, Violations and Penalty for Commission consideration in lieu of a full enforcement hearing before the Commission. The parties agree that, pursuant to RCW 42.17.360, the Commission has the authority to accept, decline or suggest modifications to this stipulation. In the interest of avoiding further proceedings, the parties enter this stipulation. In the event the Commission, in the exercise of its discretion, declines to accept the stipulation in its entirety, the stipulation shall be withdrawn.

FACTS

Both parties agree to the following relevant facts:

1. The Respondent TME Capital Group (TME) is a limited liability corporation. Its investors include Elling Halvorson, Catherine (Cathy) Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor. Another investor, David Chevalier, did not attend meetings of the group in person, but occasionally joined by telephone.

2. TME investor Elling Halvorson had, in the past, made campaign contributions to candidates for Governor as well as the legislature.
3. Respondent Environmental Materials Transport, LLC (EMT), is a wholly owned subsidiary of Wescot Co., which is solely owned by Henry (Hank) Hopkins. EMT's managers, as shown on documents filed with the Secretary of State, include Hank Hopkins, Cathy Boshaw and Elling Halvorson. Ms. Boshaw and Mr. Halvorson were unaware that they were listed on the document.
4. Mr. Hopkins runs the day-to-day operations of EMT.
5. Over the past number of years, EMT has been promoting a project to build a conveyor system to transport gravel for building a third runway at Seattle-Tacoma International Airport.
6. TME was formed to provide funding to EMT for the conveyor system project.
7. Since at least 1997, EMT Manager Hopkins has attempted to obtain permits from the City of Des Moines to allow his projected conveyor system to be built. Mr. Hopkins asked the Des Moines City Council (Council) to change the City's Comprehensive Plan to allow for the construction of the conveyor system. The Council has declined to change its Plan. In addition, the requested permits have not been considered by the city. Wescot's application would not be processed because it did not have permission from the property owner (City of Des Moines) to apply for a permit. Without permission, the application is not complete. Mr. Hopkins was successful in his attempt to receive a license from the Midway

Sewer District granting him the right to build the conveyor system on the Sewer District's property.

8. During the 1999 Des Moines City Council elections, Mr. Hopkins met with two non-incumbent candidates for the Council, H. M. (Mike) Foote, Jr. and Marty Michalson. The purpose of Mr. Hopkins' meetings was to determine their views on the third runway project. Mr. Hopkins offered both candidates videos of his project.
9. Following his meeting with the candidates, Mr. Hopkins met with the TME investors and reported that the candidates, while opposed to a third runway, seemed to be open minded and might be amenable to the conveyor system if the third runway was to be built. During this meeting, the attendees discussed contributing to the candidacies of Mr. Foote and Mr. Michalson.
10. The TME investors decided to provide campaign funds to both Mr. Foote and Mr. Michalson. However, they admit they did not want the contributions to be made in their own names for fear of "tainting" the candidates or creating a bias against the candidates if it were to become known who was actually funding their campaigns. Instead, some of the investors contacted their friends and business associates and asked them to make the contributions in the friends' names, with the understanding that they would be reimbursed for contributions made on behalf of the TME investors.
11. TME investor Cathy Boshaw asked friend and business partner, Denis Bryant, to contribute \$2,000 to both candidates. Mr. Bryant agreed.

12. On September 16, 1999, Mr. Hopkins personally wrote a \$4,000 EMT check to Denis Bryant.
13. The check was given to Mr. Bryant to reimburse him for the contributions made to Mr. Foote and Mr. Michalson.
14. On or about September 22, 1999, Denis Bryant sent a \$2,000 personal check to Mr. Foote and a \$2,000 personal check to Mr. Michalson.
15. There is no evidence that Mr. Bryant was aware that making a contribution in this manner was illegal. He believed that Ms. Boshaw, who he considered to be a friend and mentor, and who was also a major investor in some of his business ventures, would not ask him to do something that she knew was illegal.
16. TME investors Cathy Boshaw and Elling Halvorson asked their friend and business associate Ginger Marshall to contribute to one or both candidates. Ms. Marshall agreed.
17. On October 22, 1999, Ms. Marshall contributed \$350 to Mr. Michalson.
18. On October 22, 1999, Cathy Boshaw wrote a \$450 personal check to Ms. Marshall for reimbursement of the contribution made to Candidate Michalson.
19. There is no evidence that Ms. Marshall was aware that making a contribution in this manner was illegal. Ms. Marshall did not believe that Ms. Boshaw, a friend and major investor in Ms. Marshall's business venture, would ask her to do something that she knew to be illegal.

20. On or around October 22, 1999, TME investor Elling Halvorson asked his employee Gary Collett to contribute to one or more of the candidates. Gary Collett was an employee and friend of Elling Halvorson. Mr. Collett supports the third runway, and agreed to make the contribution for his employer.
21. On October 22, 1999, Gary Collett wrote a \$250 check to Candidate Michalson.
22. There was an understanding between Elling Halvorson and Gary Collett that Mr. Collett submit an expense voucher for reimbursement for the \$250 contribution. On December 22, 1999, Mr. Collett received reimbursement for the contribution from Monarch Enterprises, the company owned by Elling Halvorson.
23. There is no evidence that Mr. Collett was aware that making a contribution in this manner was illegal. He was of the opinion that Mr. Halvorson would not ask him to do something that Mr. Halvorson knew to be illegal.
24. The Respondents cooperated fully in this investigation and provided testimony and documents.
25. The Respondents maintain they did not know that their acts of concealment were illegal. No testimony was provided to indicate that the Respondents knew that their acts of concealment were illegal.
26. Staff asserts that the Respondents knew that contributor names were legally subject to disclosure, that any meaningful disclosure law would require identification of the true contributors, and the Respondents nevertheless took action to conceal the truth.

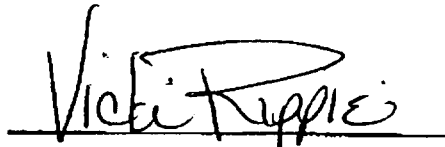
VIOLATIONS

Respondents and Staff agree that based upon the facts stipulated above, the Respondents committed multiple violations of RCW 42.17.120 by concealing the true source of contributions given to candidates H. M. (Mike) Foote, Jr. and Marty Michalson.

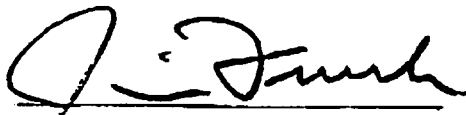
PENALTY

The Respondents and Staff agree that the penalty authority granted the Commission is insufficient in this matter. In lieu of separate referrals to the Office of the Attorney General, the Respondents agree to pay a penalty of \$40,000, and agree to reimburse the PDC \$3,000 to cover a portion of its costs incurred in the investigation.

Respectfully submitted this 25th of March, 2003.


Vicki Rippie, Executive Director

3/25/03
Date


James Frush, Counsel for
Respondents

March 24, 2003
Date

1 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
2 **OF THE STATE OF WASHINGTON**

3 IN RE COMPLIANCE WITH
4 RCW 42.17

PDC CASE NO. 03-153

5 HENRY HOPKINS/ENVIRONMENTAL
6 MATERIALS TRANSPORT, LLC

ORDER OF REFERRAL
TO THE WASHINGTON STATE
ATTORNEY GENERAL'S
OFFICE

7 Respondent.
8

9 **INTRODUCTION**

10 This matter came before the Washington State Public Disclosure Commission on March 25,
11 2003 at its meeting at the PDC offices in the Evergreen Plaza Building, Room 206, 711 Capitol
12 Way South, Olympia, Washington. Those present included Commission members Michael
13 Connelly, Chair, Susan Brady, Vice-chair, Lois Clement, Secretary, Francis Martin, and Earl
14 Tilly; PDC Executive Director Vicki Rippie; PDC Assistant Director Susan Harris; Senior
15 Assistant Attorney General Linda A. Dalton; Assistant Attorney General Nancy Krier; and,
16 attorney C. James Frush. Respondent Henry Hopkins/Environmental Materials Transport, LLC
17 (EMT) was provided advance written notice of the meeting through Respondent's legal counsel,
18 and advance notice of the meeting and this matter were posted on the PDC's website.
19 Respondent did not attend in person. Respondent's legal counsel Cyrus Vance, Jr., did not
20 attend. Respondent's co-counsel C. James Frush, although in attendance, did not address the
21 Commission.

22 Susan Harris, representing PDC Staff, presented the Commission with an oral summary of
23 the investigative findings and alleged apparent multiple violations of RCW 42.17.120 committed
24 by Respondents Henry Hopkins/Environmental Materials Transport, LLC (EMT). The
25 Commission also reviewed the written Report of Investigation regarding Respondents.
26

1 Following the oral presentation by Staff and consideration of the materials submitted by
2 Staff, and after deliberation, the Commission directed the following:

3
4 **ORDER OF REFERRAL**

5 By a unanimous vote, the Commission finds multiple apparent violations of RCW
6 42.17.120 by Respondents concealing the source of contributions of \$21,000 that was used to
7 benefit candidates in the 2001 Des Moines City Council elections. The Report of Investigation
8 stated that Respondents did not inform the candidates of the true source or amounts of the
9 contributions because Mr. Hopkins wanted to "keep a low profile."

10 Given the insufficiency of its penalty authority and in lieu of holding an enforcement
11 hearing, The Commission also unanimously refers the above referenced apparent violations to
12 the Washington State Attorney General's Office for appropriate action pursuant to RCW
13 42.17.360 and .395 and WAC 390-37-100.

14
15 DATED THIS 4th day of April, 2003.

16 FOR THE COMMISSION:

17
18
19 VICKI RIPPIE, Executive Director

20
21 *Copies to be provided to:*
22 Linda A. Dalton, Senior Assistant Attorney General
23 Counsel for Commission Staff
24 Nancy Krier, Assistant Attorney General
25 Counsel for Commission
26 Cyrus Vance, Jr.
Co-Counsel for Respondent
C. James Frush
Co-Counsel for Respondent

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7 **BEFORE THE PUBLIC DISCLOSURE COMMISSION**
8 **OF THE STATE OF WASHINGTON**

9 IN THE MATTER OF
10 ENFORCEMENT ACTION AGAINST
11 DON WASSON,
12 Respondent.

NO. 02-296

STIPULATION OF FACTS,
VIOLATIONS AND PENALTY

13 The parties to this stipulation, Don Wasson, Respondent, with and through his attorney,
14 John W. Wolfe, and Public Disclosure Commission Enforcement Staff (Staff), with and
15 through their attorneys, Christine O. Gregoire, Attorney General, and Linda A. Dalton, Senior
16 Assistant Attorney General, jointly submit this Stipulation of Facts, Violations and Penalty for
17 Commission consideration in lieu of a full enforcement hearing before the Commission. The
18 parties agree that pursuant to RCW 42.17.360 et. seq., the Commission has the authority to
19 accept, decline, or to suggest modifications to this Stipulation.
20

21 **I. Facts**

22 The parties stipulate to the following relevant facts:

- 23 1. During election year 2001, the Respondent, Don Wasson, was a sitting member of the City
24 of Des Moines Council. He was not up for reelection.
25
26

- 1 2. Mr. Wasson desired to change the membership on the Council and recruited candidates for
2 the 2001 election, including Gary Petersen and Maggie Steenrod. Additionally, he
3 supported Richard Benjamin's candidacy for the Council.
- 4 3. In September 2001, Mr. Wasson met with Hank Hopkins, a local businessman, to discuss
5 the candidates for the 2001 city council election.
- 6 4. On September 17, 2001, Mr. Hopkins gave Mr. Wasson \$1,000 to support Mr. Wasson's
7 efforts to get Mr. Petersen, Ms. Steenrod and Mr. Benjamin elected. Mr. Hopkins also
8 referred Mr. Wasson to Tom Hujar, a political consultant, for election assistance.
- 9 5. Following Mr. Hopkins' referral, Mr. Wasson contacted Mr. Hujar and met with him on at
10 least six occasions and spoke to him even more frequently. Mr. Wasson hired Mr. Hujar
11 and paid him \$1,000 to assist Mr. Petersen, Ms. Steenrod and Mr. Benjamin with campaign
12 strategies until the election in November, 2001.
- 13 6. Mr. Wasson also gave Mr. Petersen and Mr. Benjamin reams of paper he had received from
14 Jerry Guite to use in their campaign.
- 15 7. Mr. Wasson instructed Mr. Petersen and Mr. Benjamin to report as in-kind contributions
16 from him the amount of \$750 each on their reports to the PDC. He also instructed them to
17 identify himself as the contributor, even though he knew that Mr. Guite and Mr. Hopkins
18 were the true sources of the contributions.
- 19 8. Subsequent to being hired by Mr. Wasson, Mr. Hujar met with Mr. Hopkins, who provided
20 Mr. Hujar with additional contributions in the amount of \$49,000. \$29,000 was spent by
21 Mr. Hujar for a voter survey specifically requested by Mr. Hopkins and almost \$20,000 in
22 cash was spent by Mr. Hujar in support of Mr. Petersen's, Ms. Steenrod's and Mr.
23 Benjamin's campaigns. None of these contributions were reported by anyone.
- 24
25
26

1 9. Mr. Petersen, Ms. Steenrod and Mr. Benjamin were all elected to the Council during the
2 2001 election. Shortly thereafter, they each voted to appoint Mr. Wasson as Mayor of Des
3 Moines.

4 10. Following a complaint, investigation and filing of a Notice of Administrative Charges in
5 this matter, Mr. Wasson first resigned as Mayor of Des Moines and recently resigned from
6 the Council itself.
7

8 II. Violations

9 Mr. Wasson and Staff agree that based upon the facts stipulated above, the Commission
10 would likely find that Mr. Wasson violated the Public Disclosure Act in the manner charged in
11 the Notice of Administrative Charges dated January 14, 2003.
12

13 III. Penalty

14 Mr. Wasson and Staff agree that based upon the stipulation of facts and violations of
15 chapter 42.17 RCW as well as his resignation from the City of Des Moines Council, the
16 following penalty and terms should be assessed against Mr. Wasson.

17 (A) A civil penalty of \$10,000.00 be assessed against Mr. Wasson. \$7,500.00 of this
18 penalty will be suspended in this matter based on Mr. Wasson's compliance with
19 the following conditions:
20

21 (B) Mr. Wasson agrees to not seek election to any public office as defined in RCW
22 42.17.020;

23 (C) Mr. Wasson agrees to not serve as a campaign treasurer for any political committee
24 or candidate or to solicit of any contribution for a political committee or candidate
25 in the future;
26

1 (D) Mr. Wasson agrees to cooperate fully and truthfully in any investigation or
2 enforcement proceeding concerning any political activity in the City of Des
3 Moines; and

4 (E) Mr. Wasson commits no further violations of any provision of chapter 42.17 RCW
5 on the future. However, the suspended portion of this penalty will only be
6 imposed upon a finding of violation or order of referral by the full Commission, or
7 other final adjudication after Mr. Wasson is afforded all due process to which he is
8 entitled under the law. The parties agree that the specific facts of this incident as
9 stipulated above would be considered verities in a future proceeding, and the only
10 issue for adjudication would be limited to the alleged facts and violations of the
11 new charges.
12

13 The entire non-suspended portion of the penalty will be paid within 30 days from the
14 date of entry of the Commission's Final Order. Failure to pay as required will result in the full
15 penalty being immediately due and owing.
16

17 Mr. Wasson reaffirms his intention to cooperate with the Commission and to comply in
18 good faith with all provisions of chapter 42.17 RCW.

19 Respectfully submitted this 5th day of March, 2003.

20 For the Respondent

21 Don Wasson 3/19/03
22 Don Wasson, Respondent - Date

23
24 John W. Wolfe 3/19/03
25 John W. Wolfe, Attorney for Respondent - Date
26

1 For the Commission Staff

2
3 Vicki Rippie 3/25/03
4 Vicki Rippie, Executive Director - Date
5 Public Disclosure Commission

6
7 Linda A. Dalton 3/25/03
8 Linda A. Dalton, Attorney for Staff - Date
9 Senior Assistant Attorney General
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MEMORANDUM

TO: Members, Public Disclosure Commission

FROM: Susan Harris, Assistant Director

DATE: March 20, 2003

RE: Executive Summary and Staff Recommendations Regarding Contributions to Des Moines City Council Candidates in 1999 and 2001, PDC Case Nos. 02-296, 03-153, 03-155, 03-156 and 03-158

Staff has completed its investigations into allegations that contributions reported by candidates for Des Moines City Council elections in 1999 and 2001 may have been given in a manner as to conceal the true source of the funds. In April 2002, Staff first received a complaint alleging that in 2001, political advertising had been distributed and advocacy calls had been made for candidates in the Des Moines City Council elections, and the contributions had not been reported to the PDC. The matter was scheduled for enforcement action at the January, 2003 Commission meeting. However, Counsel for the Respondent asked for and was granted a continuance until March, stating that his client would be out of the country for 30 days. Subsequent to the scheduling of the enforcement hearing, in February, 2003, staff received two additional complaints alleging that the true sources of the contributions reported by Des Moines City Council candidates in the 1999 election were in doubt.

This memo will detail in chronological order the events that occurred, rather than in the order the complaints were received.

Background

For years, officials at the Port of Seattle have proposed building a third runway at Seattle-Tacoma International Airport. That proposal has been very controversial. Many city officials in the area, including certain Des Moines city council members, are against the third runway, citing the construction upheaval as well as environmental concerns. If a third runway is built, more than 17 million cubic yards of fill must be brought to the site. In 1997, Henry (Hank) Hopkins, a businessman from Lynnwood, proposed building a conveyor system that would be used to move the necessary fill to the site of the third runway. The system would transport gravel from pits around the Puget Sound area on barges. The barges would unload the gravel onto a conveyor belt located on the Des Moines waterway, and the gravel would be carried to the construction site. The plan was intended to ease traffic congestion because gravel trucks would not be

traveling on the already busy surface roads. Mr. Hopkins established a limited liability corporation, Environmental Materials Transport, LLC, (EMT) to undertake the project. EMT is a wholly owned subsidiary of Wescot Company, which is solely owned by Mr. Hopkins.

Mr. Hopkins attended Des Moines City Council meetings and applied for permits to allow for the construction of his conveyor belt project to begin. The City Council denied Mr. Hopkins' applications. He also requested an amendment to the City's Comprehensive Plan which would allow conveyor belts in open spaces. The City Council decided not to change the plan.

Mr. Hopkins sought other investors for his project. As a result, a group of business people formed TME Capital Group, LLC, to provide financing for EMT's conveyor system projects. TME's investors are Elling Halvorson, Catherine (Cathy) Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor. An additional investor, David Chevalier, lives in Hawaii and does not attend meetings of the group. All EMT checks require two signatures, usually Mr. Hopkins and one of the investors.

Mr. Hopkins periodically called meetings of the investors to update them on the status of the project or to seek additional funding. Not all of the investors were present for all of the meetings.

1999---TME and its investors and EMT and its managers

In early September 1999, Mr. Hopkins met with Des Moines City Council candidates Henry M. (Mike) Foote, Jr., and Marty Michalson. Mr. Hopkins was interested in their views on the third runway. Even if the candidates were against the third runway, if it were to be approved, Mr. Hopkins wanted to know whether they would be open to the conveyor belt system for transporting gravel to build the third runway. When he met with Mr. Michalson, Mr. Hopkins gave him a video of the project. Mr. Foote indicated to Mr. Hopkins during their meeting that he had already seen the video.

After meeting with the candidates, Mr. Hopkins reported back to some of his investors, including Cathy Boshaw and Elling Halvorson about the meetings. He reported that he believed that the candidates had open minds and, if elected, might be more amenable to the conveyor system than the then city council members. There was discussion about contributing funds to both candidates.

After the meeting with Mr. Hopkins, the TME investors met separately from Mr. Hopkins and decided to contribute funds to candidates Foote and Michalson. Cathy Boshaw and Elling Halvorson played key roles in deciding how the contributions would be made. They said that there was concern by TME investors that contributions coming from TME or EMT might "taint" the candidates and would "bias other people towards them" if it were known that the funds came from any of the TME investors. They also expressed concern that the candidates, if elected,

might "feel beholden to the group." Cathy Boshaw then called Denis Bryant and asked Mr. Bryant if he would make contributions of \$2,000 each to the two candidates, with the assurance that he would be reimbursed.

Mr. Bryant has known Ms. Boshaw for many years. Ms. Boshaw has been an investor in some of Mr. Bryant's business ventures. Elling Halvorson also invested in one of Mr. Bryant's business projects. According to Mr. Bryant and Ms. Boshaw, they did not discuss the legalities of contributions in this manner. Mr. Bryant considered Ms. Boshaw a mentor, and believed that she was ethical and would not do anything illegal.

Ms. Boshaw gave Mr. Bryant phone numbers for the candidates so that he could call them and obtain their mailing addresses. EMT issued a check on September 16, 1999, in the amount of \$4,000 to Mr. Bryant. Mr. Hopkins personally filled out the \$4,000 reimbursement check to Denis Bryant, and was a signator on that check.

On or around September 22, 1999, Mr. Bryant sent checks to candidates Foote and Michalson in the amount of \$2,000 each. Mr. Foote reported receiving the contribution from Mr. Bryant on September 24, 1999 and Mr. Michalson reported receiving the contribution from Mr. Bryant on September 23, 1999. Mr. Bryant included a letter with the contribution to Mr. Michalson indicating that Mr. Bryant appreciated Mr. Michalson's view on the third runway. (No one could recall whether Mr. Bryant sent a similar letter to Mr. Foote.) Neither Mr. Foote nor Mr. Michalson were aware that Mr. Bryant was not the actual source of the funds.

After the meeting of TME investors in which the giving of the contributions was discussed, and after a business meeting with Ginger Marshall, Ms. Boshaw and Mr. Halvorson asked Ms. Marshall to contribute to one or both of the candidates. Ms. Marshall agreed to do so. Like Mr. Bryant, Ms. Marshall is involved in business ventures in which Ms. Boshaw and Mr. Halvorson are major investors. Ms. Marshall said she did not believe that either Mr. Halvorson or Ms. Boshaw would ask her to do something that they knew to be illegal.

On October 22, 1999, Ms. Boshaw wrote out a check to Ms. Marshall in the amount of \$450. Mr. Michalson reported receiving a \$350 contribution from Ms. Marshall that was deposited into his campaign account on October 27, 1999. The remaining \$100 is unaccounted for, and no one can explain the difference. Mr. Michalson stated that he did not know Ms. Marshall, and called her to ask why she contributed to his campaign. No evidence was found that Mr. Michalson knew that the true source of the contribution was anyone other than Ms. Marshall.

Mr. Halvorson, owner of Monarch Enterprises, then met with one of his employees, Gary Collett. Mr. Collett was property manager for many of Mr. Halvorson's companies and a personal friend of Mr. Halvorson. Mr. Halvorson asked Mr. Collett to write a check in the amount of \$250 to candidate Michalson. On October 22, 1999, Mr. Collett issued a check to Mr. Michalson. Mr. Michalson reported receiving a \$250 contribution from Mr. Collett that was

deposited into his campaign account on October 27, 1999. Based on what Mr. Collett thought to be an agreement with Mr. Halvorson, Mr. Collett included his \$250 contribution to Mr. Michalson on his expense account and received reimbursement from Monarch Enterprises on December 22, 1999.

Neither Mr. Foote nor Mr. Michalson were successful in their bid for Des Moines City Council.

Staff Recommendations

Staff believes that Environmental Materials Transport, LLC, and its managers Hank Hopkins, Elling Halvorson and Cathy Boshaw, and TME Capital Group LLC, and its investors Elling Halvorson, Cathy Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor, acted in a manner so as to conceal the true sources of contributions made to candidates Mike Foote and Marty Michalson in 1999. Staff believes that these acts were intentional. Two of the respondents admitted that they did not want to "taint" the candidates or have the candidates feel any bias towards them if the public were to know that the contributions had come from EMT and its managers or TME and its investors. These investors were aware that the law required disclosure of contributor names. It is manifestly unreasonable for them to maintain that this same law would permit use of some name other than the true contributor. The contributions to the candidates were concealed as follows:

- Hank Hopkins meets with candidates
- Hank Hopkins reports to investors that candidates may be open to conveyor system---contributions to candidates discussed
- Investors (TME group) decide to contribute
- Cathy Boshaw asks Denis Bryant to contribute \$2,000 to 2 candidates
- Denis Bryant sends a \$2,000 check to each candidate
- Hank Hopkins writes \$4,000 EMT check to Denis Bryant for payment of contributions
- Cathy Boshaw and Elling Halvorson ask Ginger Marshall to contribute to candidate(s)
- Ginger Marshall contributes \$350 to Marty Michalson
- Cathy Boshaw writes a \$450 personal check to Ginger Marshall
- Elling Halvorson asks Gary Collett to contribute to candidate(s)
- Gary Collett writes \$250 check to Marty Michalson

- Gary Collett submits expense voucher to include \$250 reimbursement for contribution. Receives reimbursement from Monarch Enterprises, owned by Elling Halvorson

Recommendation #1. Staff recommends that in PDC Case No. 03-158, the Commission finds that EMT and its managers Hank Hopkins, Catherine Boshaw and Elling Halvorson, and TME and its investors Elling Halvorson, Catherine Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor committed multiple apparent violations of RCW 42.17.120, intentionally concealing the true source of contributions to 1999 Des Moines City Council candidates Mike Foote and Marty Michalson and refer the matter to the Office of the Attorney General for further action.

Recommendation #2. Staff recommends that the Commission dismiss the allegations against the following persons named in PDC Case No. 03-158 for the reasons given:

- Denis Bryant---Mr. Bryant was asked by someone he considered his mentor and who was also a major investor into some of his business ventures to do her a favor. Because he thought so highly of Ms. Boshaw, and because he believed she would never ask him to do something illegal, he felt that he owed her this favor.
- Ginger Marshall---Ms. Marshall, too, was asked by two people who were major investors in her business venture to make the contribution. She also thinks very highly of both Ms. Boshaw and Mr. Halvorson, and believes that they would not ask her to do something illegal. Ms. Marshall also felt that she was indebted to them and agreed to make the contribution.
- Dixie Collett---Despite the identification by the candidate that Ms. Collett was a contributor, the Staff discovered that Ms. Collett's husband actually wrote and signed the contribution check. Ms. Collett did not make contributions to candidates in 1999.
- Michael Mehlhoff and Enviroc, Inc.---Mr. Mehlhoff is the owner of Enviroc, Inc. Mr. Hopkins is an investor in that company and is on the board of directors. Enviroc, Inc. made a contribution to both Mr. Foote and Mr. Michalson. No evidence was found that these contributions were reimbursed by another person.

Recommendation # 3. Staff recommends that the Commission also dismiss the allegations against Henry M. (Mike) Foote, Jr., PDC Case No. 03-155, because Mr. Foote received a check from Denis Bryant. Mr. Foote reported the contribution from Mr. Bryant. No evidence was found that Mr. Foote was aware that Mr. Bryant was not the true source of the contribution.

Recommendation #4. Staff recommends that the Commission also dismiss the allegations against Marty Michalson, PDC Case No. 03-156, because Mr. Michalson received checks from

Denis Bryant, Ginger Marshall and Gary Collett and reported these contributions. Mr. Michalson indicated that he called contributors he did not know and ask why they contributed to his race. No evidence was found that Mr. Michalson was informed that Mr. Bryant, Ms. Marshall or Mr. Collett were not the true contributors.

2001---Hank Hopkins/Environmental Materials Transport, LLC¹

During the 2001 Des Moines City Council elections, Mr. Hopkins again became interested in finding candidates who might further his goals of building the conveyor system. Mr. Hopkins met with Don Wasson, who was a city council member. Mr. Wasson wanted to be appointed Mayor of Des Moines, but the then city council members were not likely to appoint him as such. He was tired of being on the losing end of 6 to 1 votes, so he wanted to find candidates that supported his ideas and might be more likely to appoint him as Mayor.

There were four candidates running against incumbent council members in 2001. Those candidates were Henry M. (Mike) Foote, Gary Petersen, Richard Benjamin and Margaret (Maggie) Steenrod. Mr. Wasson encouraged Mr. Petersen and Ms. Steenrod to run for the council. As he became more familiar with Mr. Benjamin's ideas, Mr. Wasson decided to support him as well. All but Mr. Foote were elected.

Mr. Wasson met with Mr. Hopkins to discuss the candidates. Mr. Wasson suggested that with some help, the challenger candidates had a chance of being elected. Mr. Hopkins gave Mr. Wasson a \$1,000 check, issued from EMT's account, towards that effort.

Mr. Wasson then met with Tom Hujar, a political consultant. Mr. Hujar told Mr. Wasson that he could provide very little consultation or candidate assistance for just \$1,000. Mr. Hujar agreed to meet with the challenger candidates to determine what assistance they might need to get elected. Following those meetings, Mr. Hujar met with Mr. Wasson and told him that more money was needed to support these candidates. Mr. Hujar then met with Mr. Hopkins. Prior to committing any further funding of the campaigns, Mr. Hopkins requested that a survey be conducted to determine the prevailing attitude of Des Moines citizens on the issue of the third runway. Mr. Hopkins paid Mr. Hujar \$29,000 with EMT funds to conduct the survey, which included questions about each of the candidates. The survey showed that 60% of the voters in Des Moines were undecided as to the candidates. Based on those results, Mr. Hopkins asked Mr. Hujar to make a presentation to his investors, and Mr. Hujar did so. After that meeting, Mr. Hopkins agreed to pay Mr. Hujar approximately \$20,000 to assist in the challenger candidates' efforts. Mr. Hopkins paid Mr. Hujar in installments, with cashier's checks. The non-survey funds given by Mr. Hopkins were used by Mr. Hujar to hire subcontractors to write campaign literature for the candidates and to conduct advocacy calls on behalf of the candidates. One of the subcontractors met with candidates Benjamin and Foote. Ms. Steenrod had declined any

¹ Any reference to Don Wasson is for informational purposes only. The Notice of Administrative Charges for Mr. Wasson will be dealt with separately.

campaign assistance. Mr. Hujar then concentrated his efforts on candidates Benjamin and Petersen.

Candidates Benjamin and Petersen each reported a \$750 contribution from Mr. Wasson, at Mr. Wasson's direction. This included each candidate's share in the initial \$1,000 received from Mr. Hopkins and paid to Mr. Hujar and \$250 worth of paper given to Mr. Wasson by Jerry Guite. In reality, Mr. Benjamin received \$14,800 worth of in-kind contributions, Mr. Petersen received \$3,500 and Ms. Steenrod benefited with \$1,000 of the \$20,000 given by Mr. Hopkins.

Mr. Hujar discussed PDC reporting requirements with both Mr. Wasson and Mr. Hopkins. He told them that they had to make a decision whether to report these expenditures to candidates as independent expenditures or set up a political committee and file reports. Mr. Hopkins did not want to report the expenditures as "independent" because he wanted to "keep a low profile." According to both Mr. Wasson and Mr. Hujar, they feared that if the true source of the funds was revealed, the candidates might be harmed.

When Mr. Wasson solicited and accepted the \$1,000 contribution from Mr. Hopkins, he created a political committee. Mr. Wasson failed to register that political committee and report its activities to the PDC. (This matter is included in PDC Case No 02-296 and will be addressed separately.)

The contributions to Mr. Benjamin and Mr. Petersen were concealed by Mr. Wasson's unregistered political committee and by Mr. Hopkins.

Mr. Hopkins fostered the concealment when he paid Mr. Hujar directly for work that benefited the candidates. Neither Mr. Hopkins nor Mr. Hujar informed the candidates of the contributions. This non-action resulted in concealing the source and amount of the contributions from the candidates and the public.

Staff Recommendations

Staff believes that Hank Hopkins intentionally concealed the fact that he was the source of contributions of \$21,000 that was used to benefit candidates Richard Benjamin, Maggie Steenrod and Gary Petersen in 2001. Mr. Hopkins also failed to notify the candidates of the true source and value of the contributions because Mr. Hopkins wanted to keep a low profile. Mr. Hopkins had paid for the services of Tom Hujar, who prepared campaign literature and conducted advocacy calls for Mr. Benjamin and Mr. Petersen, as well as candidate Maggie Steenrod.

Recommendation #5. Staff recommends that in PDC Case No. 03-153, the Commission find that Henry Hopkins committed multiple apparent violations of RCW 42.17.120 by concealing the true source of funds used and not disclosed to benefit candidates in the 2001 Des Moines City Council race, and refers the matter to the Office of the Attorney General for further action.

Recommendation #6. Staff recommends that the Commission dismiss the allegations of violations of RCW 42.17.120 against the following individuals named in PDC Case No. 02-296 for the reasons given:

- Gary Petersen---There is not evidence proving that Mr. Petersen was aware that Mr. Hopkins was funding Mr. Wasson's effort to help him get elected. Mr. Wasson told Mr. Petersen to report an in-kind contribution of \$750 from Mr. Wasson.
- Richard Benjamin---There is no evidence demonstrating that Mr. Benjamin was aware that Mr. Hopkins was funding Mr. Wasson's effort to assist his campaign. Mr. Wasson told Mr. Benjamin to report an in-kind contribution of \$750 from Mr. Wasson.
- Mike Foote---Mr. Foote did not benefit from any of the actions undertaken by Mr. Wasson and Mr. Hopkins.
- Margaret Steenrod---Ms. Steenrod, when first contacted about possible assistance from Mr. Wasson, declined the offer. Any activities undertaken by the group were not contributions to Ms. Steenrod.



STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm 206, PO Box 40908 * Olympia, Washington 98504-0908 * (360) 753-1111 * Fax (360) 753-1112
Toll Free 1-877-601-2828 * E-mail: pdcc@pdcc.wa.gov * Website: www.pdca.wa.gov

MEMORANDUM

TO: Philip E. Stutzman, Director of Compliance

FROM: Vicki Rippie, Executive Director

DATE: April 5, 2004

SUBJECT: Complaint Against TME Capital Group, LLC and its Investors: Elling Halvorson, Catherine Boshaw, Doug Edlund, John Taylor, Lon Halvorson, E. Kent Halvorson, Tim Teteak and David Chevalier

RCW 42.17.040 through RCW 42.17.090 require that political committees register with the Public Disclosure Commission and file frequent and detailed reports of contribution and expenditure activities.

RCW 42.17.120 states that no contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.

RCW 42.17.105 states in part: It is a violation of this chapter for any person to make, or for any candidate or political committee to accept from any one person, contributions reportable under RCW 42.17.090 in the aggregate exceeding fifty thousand dollars for any campaign for state-wide office or exceeding five thousand dollars for any other campaign subject to the provisions of this chapter within twenty-one days of a general election.

RCW 42.17.780 states, "A person may not, directly or indirectly, reimburse another person for a contribution to a candidate for public office, political committee, or political party."

*"The public's right to know of the financing of political campaigns and lobbying
and the financial affairs of elected officials and candidates far outweighs
any right that these matters remain secret and private."*

RCW 42.17.010 (10)

EXHIBIT 5
Page 1 of 4



Summary: At its meeting on March 25, 2003, the Public Disclosure Commission, in PDC Case No. 03-153, found multiple apparent violations of RCW 42.17.120 by Respondents Henry Hopkins and Environmental Materials Transport, LLC concealing the source of contributions that was used to benefit candidates in the 2001 Des Moines City Council elections. Given the insufficiency of its penalty authority and in lieu of holding an enforcement hearing, the Commission referred the above referenced apparent violations to the Washington State Attorney General's Office for appropriate action pursuant to RCW 42.17.360 and .395 and WAC 390-37-100.

During the course of assisting the Attorney General's Office in its investigation of PDC Case #03-153, following referral by the Commission, PDC staff discovered evidence revealing that TME Capital Group, LLC and its investors (Elling Halvorson, Catherine Boshaw, Doug Edlund, John Taylor, Lon Halvorson, E. Kent Halvorson, Tim Teteak and David Chevalier) may have violated:

- RCW 42.17.040 through 42.17.090 by failing to register and report as a political committee, including failing to report contributions received and expenditures made, related to the 2001 Des Moines City Council elections;
- RCW 42.17.120 by concealing the source of contributions made to benefit Des Moines City Council candidates in the 2001 general election;
- RCW 42.17.105(8) by making contributions to another political committee in excess of \$5,000 within 21 days of the November 6, 2001 general election; and
- RCW 42.17.780 by reimbursing Monarch Enterprises for a contribution to a political committee.

Alleged Violations

A group of investors formed TME Capital Group, LLC, (TME) in order to provide financing for Environmental Materials Transport, LLC, (EMT) a company created to build a conveyor system to move fill for a proposed third runway project at Seattle Tacoma International Airport. EMT is a wholly owned subsidiary of Wescot Company, which is solely owned by Hank Hopkins.

In Case No. 03-153, it was learned that Don Wasson, former Mayor of the City of Des Moines, created a political committee on or around September 17, 2001 when he first accepted \$1,000 from Hank Hopkins, President of Environmental Materials Transport, LLC, to assist Des Moines City Council candidates in their 2001 elections. Mr. Wasson's unregistered political committee subsequently accepted additional funds that were used to assist candidates in the 2001 elections.

Payments were made by Hank Hopkins and EMT to political consultant Tom Hujar for campaign related expenditures. Mr. Hujar worked closely with Don Wasson and Hank Hopkins to assist city council candidates Gary Petersen, Maggie Steenrod and Richard Benjamin in the 2001 general election.

RCW 42.17.040 – 42.17.090 and 42.17.105(8) - It appears that in September 2001, TME and its investors provided the \$1,000 paid by Hank Hopkins and EMT to Don Wasson's political committee. During the 2001 election, TME and its investors provided an additional source of funds through EMT and Mr. Hopkins to Don Wasson's unregistered political committee to assist candidates in the 2001 Des Moines City Council elections.

On or around October 22, 2001, TME and its investors provided \$11,000 through EMT and Mr. Hopkins to Don Wasson's unregistered political committee to assist candidates in the 2001 Des Moines City Council races. The expenditures were made within 21 days of the general election in apparent violation of RCW 42.17.105(8). While it does not appear that individual TME investors contributed more than \$5,000 within 21 days of the 2001 general election, it appears that the investors and TME's unregistered political committee contributed more than \$5,000 within 21 days of the general election when persons may not make, and candidates and political committees may not accept, contributions in excess of \$5,000.

On November 8, 2001, TME and its investors provided an additional \$19,000 to Don Wasson's unregistered political committee for campaign assistance. This \$19,000 contribution, made through EMT and Hank Hopkins, was initially made by Monarch Enterprises, a company owned by Elling Halvorsen, on behalf of TME and its investors, on October 12, 2001. It appears that TME and its investors reimbursed Monarch Enterprises.

In summary, it appears that TME and its investors may have violated:

- RCW 42.17.040 through 42.17.090 by failing to register and report as a political committee when TME and its investors raised and spent funds to support candidates;
- RCW 42.17.105(8) by making contributions to another political committee exceeding \$5,000 within 21 days of the 2001 general election; and
- RCW 42.17.780 by reimbursing \$19,000 to Monarch Enterprises for contributions made to a political committee that supported candidates in the 2001 general election.

RCW 42.17.120 – Individual TME investors pooled their money for the specific purpose of assisting candidates in the 2001 Des Moines City Council elections. The investors then failed to register and report as a political committee to account for the receipt and disbursement of their pooled funds that was used to support candidates. Registration was due within two weeks of having the expectation of receiving contributions and making expenditures in support of candidates, in this case, candidates for the Des Moines City Council.

By failing to register as a political committee, and by failing to report the source of its contributions and the nature of its expenditures, TME and its investors may have acted to conceal the source of the contributions received and expenditures made to support Des Moines City Council candidates.

Based on this information, I am filing this complaint and directing staff to investigate whether TME Capital Group, LLC and its investors, Elling Halvorson, Catherine Boshaw, Doug Edlund, John Taylor, Lon Halvorson, E. Kent Halvorson, Tim Teteak and David Chevalier violated RCW 42.17 as noted above during 2001.

Vicki Rippie
Vicki Rippie, Executive Director
by Susan Harris
per telephonic
approval

4/5/04
Date

MAR-10-04 WED 10:31 PM SECURITY PROPERTIES

FAX NO. 2066288031

P. 02

EMT

EMT Meeting, September 10, 2001

Members present: Cathy Boshaw, Doug Edlund, Billig Halvorson, Kent Halvorson, Lon Halvorson, Hank Hopkins, John Taylor, Tim Teteak

Hank reviewed the August 9 meeting, presented information on the cost of moving the remaining fill to SeaTac, and reported that EMT's TSA is moving forward right behind the Corp's review of the Port's permit. Hank said that there remains approximately 10 million yards (20 million tons) of fill material still needed for the runway project.

After discussion about supporting political candidates in Des Moines, it was decided to first wait until after the primary which is Tuesday, September 18th, and then send \$1,000 to each of four candidates, contribute 50% to a mailing for two selected candidates with the largest chance of success for a total of \$3,500, and to budget \$3,500 for an EMT mailing, for a total of \$11,000.

Kent reported that one of his employees who lives near SeaTac said that there have been two deaths attributed to trucks hauling dirt and that the local roads are deteriorating due to the heavy truck traffic. It was suggested that someone research the accidents/claims for CFI and M. A. Segale, Inc for the past two years to determine how many non fatal accidents there have been.

After discussion, the group consensus was that now is the right time to get the media involved, preferably by finding an investigative reporter to research and write a news article in one of the major papers. That news article could then be copied and used in the EMT mailing. Lon suggested that the media also be made aware of the two fatalities and the projected total of 16. Discussion continued as to who the media contact person should be. Doug and Kent will each approach their friends in the media to find an investigative reporter.

After the primary election Hank will contact everyone to determine the time for the next meeting.

Capital call: The group agreed to a capital call of \$12,000, to cover the \$11,000 described above plus an additional \$1,000 for expenses, which results in the following individual capital contributions:

Billig Halvorson	27.00%	\$ 3,240
David Chevalier	27.00%	3,240
Cathy Boshaw	18.25%	2,190
Doug Edlund	10.00%	1,200
Tim Teteak	9.00%	1,080
John Taylor	4.00%	480
Kent Halvorson	3.75%	450
Lon Halvorson	<u>1.00%</u>	<u>120</u>
	100.00%	12,000

Under the terms of the loan agreement between EMT and TME, every additional advance of \$20,000 that is not shared by EMT results in a 1% change in the allocation between EMT and TME. After the current capital call of \$12,000 is contributed, the percentage allocation will be 32.25% to EMT and 67.75% to TME.

Please make your checks payable to "TME Capital Group L.L.C." and send them to John Taylor at 17305 Stone Court North, #B, Shoreline, WA 98133. Please give me or John a call if you have questions or comments, etc. John's direct work number is 206-628-8018.

Maryl Douglas
Executive Assistant
Billig Halvorson, Inc
Papillon Airways
Phone: 425-820-8800
Fax: 425-823-5335
E-mail: maryl@papillon.com

Chronology of Financial Transactions Between TME and EMT

Date	TME pmts to EMT	Chk #	Amount	Date	Week of	Description EMT payments	EMT checks		Wasson Checks
							Chk #	Amount	
9/13/2001	for Des M election exp	5041	\$1,000.00	9/17/2001		EMT payment to Wasson	5196	\$1,000	
				9/18/2001		PRIMARY ELECTION			
9/24/2001	EMT loan advance	5042	\$11,000.00	10/4/2001		Hopkins payment to Hujar	7496	\$10,000 *****	
10/12/2001	Monarch loan to EMT		\$9,500.00	10/12/2001		Hopkins payment to Hujar	2912	\$9,500 Anon	
10/12/2001	Monarch loan to EMT		\$9,500.00	10/12/2001		Hopkins payment to Hujar	2921	\$9,500 Anon	
10/22/2001	EMT loan advance	5044	\$11,000.00	10/25/2001		Hopkins payment to Hujar	3704	\$6,000 NA	
				10/25/2001		Hopkins payment to Hujar	3695	\$4,000 NA	
				10/25/2001		Wasson payment to Hujar			\$1,000
11/8/2001	TME reimburses Monarch for checks written to EMT	5046	\$9,500.00						
11/8/2001	TME reimburses Monarch for checks written to EMT	5047	\$9,500.00						
12/1/2001	EMT loan advance	5052	\$18,000.00	11/29/2001		Hopkins payment to Hujar	5576	\$1,800 Anon	
				12/10/2001		Hopkins payment to Hujar	5198	\$8,200 EMT	
	Total TME payments to EMT		\$60,000.00			Total payments to Tom Hujar		\$50,000	

CHECK NO.	DISCOUNT	AMOUNT OF CHECK	DATE OF DEPOSIT	AMOUNT OF DEPOSIT	BALANCE
TOTALS BROUGHT FORWARD					
10/15		DEPOSIT CAPITAL J. TAYLOR 1,200			
		CONTRIBUTION OF E. HALVORSON 8,100			
		\$30,000 C. BOSNAW 5,475			
		D. EDLUND 3,000			
		L. HALVORSON 300			
10/22		EMT - LOAN ADVANCE			
11/8		DEPOSIT CAPITAL (P) D. CHEVALIER 8,100			
		T. TETEAR 2,700			
11/8		MONARCH ENTERPRISES - Reimburse for 5046			
		Checks written to EMT			
11/16		DEPOSIT TO COMPLETE CAPITAL CALL:			
		K. HALVORSON 1,125			
11/16		GENESYS CONFERENCE - Conference call 5049			
12/10		DEPOSIT CAPITAL { E. HALVORSON 5,400			
		D. CHEVALIER 5,400			
		C. BOSNAW 3,650			
		D. EDLUND 2,000			
		OF \$20,000 { T. TETEAR 1,800			
		J. TAYLOR 800			
		K. HALVORSON 750			
		L. HALVORSON 200			
11		EMT LOAN ADVANCE			
		TOTAL(S) THIS PAGE			
		TOTAL(S) TO DATE			

MONTH OF	19	BY
----------	----	----



EMT

2/23/2004

Register: Checking

From 01/01/2001 through 12/31/2001

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
------	--------	-------	---------	------	---------	---	---------	---------

Redacted

09/17/2001	5196	Don Wasson	Accounts Payable		1,000.00	X		-1,056.67
09/20/2001			TME			X	1,000.00	-56.67
09/30/2001			EMT Operations:Bank S...	Service Charge	9.00	X		-65.67
10/04/2001			TME	Deposit		X	11,000.00	10,934.33
10/04/2001	5197	FDR Services	Consulting:Research Sur...	Cashier's Check	10,000.00	X		934.33
10/12/2001			Balance Advane	Deposit		X	75.00	1,009.33
10/12/2001			TME	Deposit		X	19,000.00	20,009.33
10/12/2001			Payment to Loan		75.00	X		19,934.33
10/12/2001	ET	FDR Services	Consulting:Research Sur...	Cashier's Check	9,500.00	X		10,434.33
10/12/2001	ET	FDR Services	Consulting:Research Sur...	Cashier's Check	9,500.00	X		934.33
10/25/2001			TME	Deposit		X	11,000.00	11,934.33
10/25/2001	ET	FDR Services	Public Relations	Cashier's Check	10,000.00	X		1,934.33
10/30/2001		Bank of America	EMT Operations:Bank S...	Service Charge	9.00	X		1,925.33
11/29/2001		FDR Services	Public Relations	Cashier's Check	1,800.00	X		125.33

EMT

2/23/2004

Register: Checking

From 01/01/2001 through 12/31/2001

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
11/30/2001			EMT Operations:Bank S...	Service Charge	9.00	X		116.33
12/11/2001			TME			X	18,000.00	18,116.33
12/11/2001	5198	FDR Services	Public Relations		8,200.00	X		9,916.33
12/31/2001			EMT Operations:Bank S...	Service Charge	9.00	X		9,907.33

MAR-10-04 WED 10:31 PM SECURITY PROPERTIES

FAX NO. 2066288031

P. 03

John Taylor

From: John Taylor
Sent: Wednesday, October 10, 2001 1:32 PM
To: 'CathyB@Paccolnc.com'; 'dchevaller@bluehawaii.com'; 'DougE@Paccolnc.com';
 'elling@papillon.com'; 'kent@ekhl.com'; 'lon@papillon.com'; 'hhopkins@IX.netcom.com';
 'mehlhoff@enviroc.com'; 'tim@ekhl.com'
Subject: 3rd Runway status and capital call

Greetings All:

Hank, Doug and Eling had a conference call last evening with our consultant. They reviewed the results of a survey conducted by the consultant of residents in Des Moines regarding the 3rd runway, conveyer belt concept, and up-coming elections for 4 seats on the City Council. I've attached the results of the survey.

Hank tells me the consultant has met with three of the candidates that are running against "anti's" (Steenrod is running against Incumbent Brazil; Foote is running against White for an open seat; and Benjamin is running against Sherman.) They did not know much about the proposed conveyer belt, but the consultant got the impression that they would support the concept. The three candidates all would welcome support in their campaigns. The consultant believes he can have a positive impact on the elections.

The group mapped out a support campaign that will take a capital call of \$30,000, to be raised as soon as possible to get the funds in play in the election races. The \$30,000 capital call results in the following individual capital contributions:

Eling Halvorson	27.00%	\$ 8,100
David Chevallier	27.00%	8,100
Cathy Boshaw	18.25%	5,475
Doug Edlund	10.00%	3,000
Tim Teteak	9.00%	2,700
John Taylor	4.00%	1,200
Kent Halvorson	3.75%	1,125
Lon Halvorson	1.00%	300
	100.00%	30,000

This \$30,000 advance will cause a 1.5% change in the allocation between EMT and TME. Please make your checks out to "TME Capital Group L.L.C." and send them to me as soon as possible, at 17305 Stone Ct. N., #B, Shoreline, WA 98133. Thanks.

John



First signature

Cashier's Check Receipt

Purchased by: ****

Date Issued: October 04, 2001
NO.: 0500147496

Payable to: ***FDR SERVICES***

Check purchased in the amount of: ***\$10,000.00*** DRAWER: Bank of America, N.A.

NOT NEGOTIABLE

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

7-14-5497B 1-2001

PURCHASER'S RECEIPT

Ref# *050109141S

EXHIBIT 11
Page 1 of 7

Purchased by: ANONYMOUS

Date Issued: October 12, 2001

NO.: 1227192912

Payable to: ***FDR SERVICES***

Check purchased in the amount of: ***\$9,500.00*** DRAWER: Bank of America, N.A.

NOT NEGOTIABLE

PURCHASER'S RECEIPT

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

Ref# *122702056S

FORM 7330 REV 9-1999

EXHIBIT 11
Page 2 of 7

Cashier's Check Receipt

Purchased by: ANNONYMOUS

Date Issued: October 12, 2001
NO.: 1227192921

Payable to: ***FDR SERVICES***

Check purchased in the amount of: ***\$9,500.00*** DRAWER: Bank of America, N.A.

NOT NEGOTIABLE

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

ORM 7330 REV 9-1999

PURCHASER'S RECEIPT

Ref# *122702058S

EXHIBIT 11
Page 3 of 7

Bank of America 

Prepared by:

109

Cashier's Check Receipt**Purchased by:** N/A**Date Issued:** October 25, 2001
NO.: 1227193704**Payable to:** ***FDR Services*****Check purchased in the amount of:** ***\$6,000.00*** **DRAWER:** Bank of America, N.A.**NOT NEGOTIABLE**

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

FORM 7330 REV 9-1999

PURCHASER'S RECEIPT

Ref# *1221090355

EXHIBIT 11
Page 4 of 7

Prepared by:

109

Bank of America 

Cashier's Check Receipt

Purchased by: N/a

Date issued: October 25, 2001
NO.: 1227193695

Payable to: ***FDR Services***

Check purchased in the amount of: ***\$4,000.00*** DRAWER: Bank of America, N.A.

NOT NEGOTIABLE

PURCHASER'S RECEIPT

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

Ref# *12210903

FORM 7330 REV 9-1999

EXHIBIT 11
Page 5 of 7

Prepared by:

107

Bank of America **Cashier's Check Receipt**Purchased by: **ANONYMOUS**Date issued: **November 29, 2001**
NO.: **1227195576**Payable to: *****FDR SERVICES*****Check purchased in the amount of: *****\$1,800.00***** **DRAWER: Bank of America, N.A.****NOT NEGOTIABLE****PURCHASER'S RECEIPT**

Notice to Client: If your check is lost, stolen or destroyed, you may be required to sign an indemnity agreement before drawee will provide a refund or replacement. You will not be entitled to a refund or replacement until after 90 days from the issue date, and you will receive a refund or replacement only if the check has not been paid and the drawee is not otherwise required to pay the item or hold the funds.

Ref# *12210702

FORM 7330 REV 9-1999

EXHIBIT 11
Page 6 of 7

5198

SEAFIRST BANK
REDMOND, WA 98052
19-2/1250

ENVIRONMENTAL MATERIALS TRANSPORT, LLC
13353 BELL-RED ROAD #104
BELLEVUE, WA 98005
(425) 401-9939
FAX: (425) 401-9969

12-10-01

\$ 8,200.00

PAY TO THE ORDER OF FDR Services

Eighty Two Hundred and no/100

DOLLARS
Security features
included
Details on back

TWO SIGNATURES REQUIRED

Henry Hopburn
John A. Taylor

1000008200001

MEMO

EXHIBIT //
Page 7 of 7